

Message Text

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TO USDOC WASHDC PRIORITY

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UNCLAS SECTION 1 OF 2 KHARTOUM 1970

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SUBJECT: COMMUNICATIONS EQUIPMENT SEMINAR MISSION

REF: (A) KHARTOUM 1518 (B) USDOC 06154 (C) USDOC 08015

(D) USDOC 06784 (E) KHARTOUM 1513 (F) USDOC 08158

1. EMBOFF MET WITH DEPUTY CHAIRMAN OF THE NEW PUBLIC CORPORATION FOR TELECOMMUNICATIONS TO DISCUSS QUESTIONS RAISED IN REF B. HIS RESPONSES INDICATE THAT PROSPECTS FOR LARGE TRANSACTIONS DURING THIS MISSION WILL NOT BE GOOD UNLESS PARTICIPATING FIRMS CAN OFFER VERY GENEROUS CREDIT TERMS, TO INCLUDE, IN MANY CASES, 100 PERCENT FINANCING. SALES TO THE PRIVATE SECTOR WILL BE LARGELY A FUNCTION OF THE FOREIGN EXCHANGE SITUATION, WHICH IS CRITICAL AT THE MOMENT.

2. TELECOMMUNICATIONS AUTHORITY: AT THE URGING OF THE WORLD BANK, THE SUDANGOV FORMED THE PUBLIC CORPORATION FOR TELECOMMUNICATIONS TO STREAMLINE FUNCTIONS PREVIOUSLY MANAGED BY THE MINISTRY OF TELECOMMUNICATIONS. THE CORPORATION HAS A GENERAL MANAGER AND CHAIRMAN RESPONSIBLE TO THE BOARD OF DIRECTORS. FIVE CENTRALIZED SUBDIVISIONS PROVIDE

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SUPPORT IN THE FOLLOWING AREAS: LEGAL AFFAIRS, ADMINISTRATIVE SERVICES, AUDITING, GENERAL MANAGEMENT, AND PUBLIC RELATIONS. GIVE INDEPENDENT DIVISIONS EXECUTE CORPORATION PROGRAMS AND PROVIDE TELECOMMUNICATIONS SERVICES AT THE REGIONAL LEVEL. SEPARATE ADMINISTRATIONS WITHIN THE CORPORATION HAVE AUTHORITY FOR PROJECT PLANNING, PROJECT EXECUTION, FINANCING, PERSONNEL, SUPPLIES AND TRANSPORT, AND TRAINING. THE MINISTER OF

COMMUNICATIONS HAS ULTIMATE RESPONSIBILITY FOR THE AFFAIRS OF THE CORPORATION.

3. EQUIPMENT NOW IN USE: THE U.S. IS ALREADY WELL REPRESENTED IN THE SUDAN. NSVRTHRUP/PAGE AND HARRIS HAVE SUPPLIED THE BULK OF THE SUDAN'S MICROWAVE EQUIPMENT, WITH THE FRENCH SUPPLYING SMALLER AMOUNTS. NORTHRUP/PAGE ALSO BUILT AND OPERATES THE COUNTRY'S INTELSAT STATION. HARRIS COMMUNICATIONS IS BUILDING AND OPERATING A DOMESTIC SATELLITE NETWORK. THE U.S. ALSO HAS BEEN THE CHIEF SUPPLIER OF BROADCAST TRANSMISSION EQUIPMENT AND HAS BEEN ACTIVE IN THE FIELDS OF TELEX EXCHANGES AND VHF SYSTEMS. MOST TELEPHONE CABLE COMES FROM THE NETHERLANDS, AND PHILLIPS AND NEC OF JAPAN DIVIDE THE TELEPHONE EXCHANGE MARKET. THERE ARE MANY SUPPLIERS OF MOBILE EQUIPMENT.

4. FUTURE TENDERS AND PURCHASES: THE PUBLIC CORPORATION HAS AMBITIOUS PLANS FOR NEW EQUIPMENT PURCHASES IN THE 1978/79 FISCAL YEAR (JULY-JUNE). PLANS WILL ONLY BE REALIZED, HOWEVER, IF POTENTIAL SUPPLIERS OFFER 100 PERCENT FINANCING FOR MAJOR TRANSACTIONS. CORPORATION'S FINANCIAL SITUATION IS CRITICAL AND THE NEW PROJECTS SIMPLY WILL BE POSTPONED IF SUCH FINANCING IS NOT FORTHCOMING. MAJOR PROJECTS IN 1978/79 INCLUDE NEW TELEPHONE CABLES (\$12 MILLION, WITH POSSIBLE WORLD BANK FINANCING), A NEW TELEPHONE EXCHANGE SYSTEM (JAPANESE HAVE OFFERED UNCLASSIFIED

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THIS EQUIPMENT AT "HALF THE REGULAR PRICE" AND PUBLIC CORP. MAY PLACE A DIRECT ORDER WITH THEM RATHER THAN TENDERING; THE ARAB FUND WILL FINANCE THIS PURCHASE), A NEW VHF SYSTEM (FIRST PHASE: \$5 MILLION), A TELEX EXCHANGE SYSTEM (\$6.5 MILLION), AND PRIVATE AUTOMATIC EXCHANGES (\$2.5 MILLION). SMALLER TENDERS MAY BE ANNOUNCED FOR TELEPHONE CALLING BOXES (\$125,000) AND FOR VHF/UHF EQUIPMENT AND VOLTAGE REGULATORS FOR THE EARTH SATELLITE STATION. THE LATTER TWO ITEMS WILL BE PURCHASES BY THE GEZIRA BOARD AND POTENTIAL SUPPLIERS MAY NOT HAVE TO PROVIDE THE EXTENSIVE PAYMENT FACILITIES REQUIRED ABOVE.

5. TRAINING AND MAINTENANCE: THE CORPORATION HAS ITS OWN TRAINING CENTER, BUT WOULD WANT ADDITIONAL TRAINING ON ANY NEW EQUIPMENT THAT IT PURCHASES. WE CANNOT COMMENT ON THE QUALITY AND SOPHISTICATION OF TRAINING AND MAINTENANCE SINCE THE COUNTRY'S ERRATIC TELEPHONE AND TELEGRAPHIC SERVICES MAY BE DUE AS MUCH TO OVERLOADED AND OLD EQUIPMENT AS TO POOR MAINTENANCE AND REPAIR.

6. ADVANCED TECHNOLOGY: WHENEVER POSSIBLE, CORPORATION OFFICIALS WOULD LIKE TO USE THE MOST MODERN EQUIPMENT,

INCLUDING ELECTRONIC TELEX/TELEPHONE SYSTEMS. COMPATIBILITY WITH EXISTING EQUIPMENT IS ESSENTIAL; THE EXTRA COST OF ADVANCED TECHNOLOGY PRODUCTS IS NOT A CRUCIAL ELEMENT SINCE COMPLETE FINANCING WOULD BE REQUIRED IN ANY CASE.

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7. PARTICIPATING U.S. FIRMS: PER REF A AND E, FOUR REMAINING FIRMS OFFER PRODUCTS APPROPRIATE TO SUDANESE MARKET. TERRACOM AND TELEDYNAMIC WOULD HAVE HAD DIFFICULTY IN MOUNTING SUCCESSFUL SALES EFFORT HERE AND IT IS PERHAPS WISE THAT THEY HAVE WITHDRAWN FROM THE MISSION. TELECOM-MUNICATIONS CORP. OFFICIALS WOULD HAVE LIKED TO SEE LARGER U.S. FIRMS PARTICIPATE; THE SPECIFICALLY MENTIONED ITT AND WESTERN UNION. LARGER AMERICAN TELECOMMUNICATIONS FIRMS ARE WELL-KNOWN HERE AND THEIR EQUIPMENT IS HIGHLY RESPECTED. AS INDICATED PARA 3, U.S. HAS SUBSTANTIAL SHARE OF THIS MARKET AND THERE IS GENERAL FAMILIARIZATION WITH U.S. EQUIPMENT. STRICT REQUIREMENT FOR PAYMENT FACILITIES ALSO MAKES LARGE U.S. FIRMS MORE ATTRACTIVE TO CORPORATION OFFICIALS, SINCE THEY BELIEVE THAT THESE FIRMS ARE IN A BETTER POSITION THAN SMALLER FIRMS TO OFFER THE CREDIT TERMS WHICH THE CORPORATION MUST OBTAIN.

8. TENTATIVE SCHEDULE: ARRIVAL JUNE 4, 1930 HOURS, AZ 894; MET BY CONTROL OFFICER NELSEN. MONDAY, JUNE 5: LOCAL PROGRAM INCLUDING GROUP APPOINTMENTS WITH OFFICIALS AT PUBLIC CORPORATION FOR TELECOMMUNICATIONS; EVENING RECEPTION AT THE HILTON. JUNE 6: SEMINAR. JUNE 7-8: INDIVIDUAL APPOINTMENTS. JUNE 9: DEPART 0745, SD 324. SINCE PARTICIPATING FIRMS NOW REDUCED TO FOUR, WE PRESUME
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THAT ONE DAY WILL BE SUFFICIENT FOR SEMINAR PROGRAM.
ADVISE IMMEDIATELY IF TWO-DAY PRESENTATION SCHEDULE IS
PREFERRED. ONE-DAY PROGRAM WILL REDUCE MISSION COSTS BY
\$500.

9. TENTATIVE BUDGET:

A. O AND A

MISSION DIRECTOR'S SUITE	700
SEMINAR ROOM (ONE DAY)	275
PHOTOGRAPHER	60
PRINTING, MAILING	50
TRANSPORTATION	50
RECEPTIONIST	25
OVERTIME EMBASSY FSLS	50
MISCELLANEOUS	50
SUBTOTAL O AND A	1,260

B. HOSPITALITY

RECEPTION	1,700
REFRESHMENTS SEMINAR ROOM	200
REFRESHMENTS DIRECTOR' S SUITE	100
SUBTOTAL HOSPITALITY	2,000
TOTAL	3,260

10. ABOVE FIGURES BASED ON ACTUAL COSTS FOR RECENTLY-
HELD SEMINAR MISSION ON CONCRETE BUILDING SYSTEMS.
COSTS FOR THIS RECEPTION MAY BE EVEN HIGHER THAN BUDGET
SINCE PRESENT FIGURE ASSUMES THAT EMBASSY CO-OP WILL
AGREE TO PROVIDE LIQUOR.

11. HOTEL RESERVATIONS: EMBASSY HOLDING 14 SINGLES AND
CHAIRMAN'S SUITE AT KHARTOUM HILTON. PER REF F, WILL
REDUCE AND CONFIRM 7 SINGLES AND SUITE.

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12. TRAVEL OF ADVANCE OFFICER: THERE ARE NO GOOD, CLEAN,
AND ECONOMICAL HOTELS IN THE SUDAN. EMBASSY WILL ATTEMPT
TO OBTAIN RESERVATIONS AT KHARTOUM HILTON, WHERE SEMINAR
MISSION ACTIVITIES WILL BE HELD. HILTON CHARGES ARE WELL
WITHIN AUTHORIZED PER DIEM. ECONOFF NELSEN WILL EXPECT
WARNES MORNING OF MAY 15 AT EMBASSY.

13. COMMENT: THERE ARE A NUMBER OF FACTORS WHICH DO NOT
AUGUR WELL FOR THE SUCCESS OF THIS MISSION AT THIS PARTI-
CULAR TIME IN THE SUDAN. THE CRITICAL FOREIGN EXCHANGE

SITUATION, THE SOMEWHAT LOW PRIORITY ACCORDED TO TELECOM-
MUNICATIONS IN THE CURRENT RESTRICTIVE IMPORT LICENSING
REGIME, THE DEMANDS FOR CREDIT FACILITIES, AND THE AMBITIOUS
TELECOMMUNICATIONS PROJECTS OF THE RECENT PAST, WHICH WILL
TEND TO HOLD DOWN THE SHARE OF GOVERNMENT FUNDS AVAILABLE
TO THIS SECTOR IN THE NEAR FUTURE, MAY VIRTUALLY DRY UP
TELECOMMUNICATIONS EQUIPMENT SALES FOR THOSE UNABLE TO PROVIDE
LONG-TERM 100 PERCENT FINANCING. WE WOULD HOPE THAT USDOC
WILL SHARE THIS INFORMATION, AS WELL AS SOME OF THE POINTS
MADE IN PARAS 1, 4, AND 7, WITH PARTICIPATING COMPANIES.
THEY SHOULD NOT COME TO THE SUDAN WITH HIGH EXPECTATIONS FOR
IMMEDIATE SALES. HOWEVER, THE MARKET STILL HAS GREAT LONG TERM
POTENTIAL BECAUSE OF ITS SIZE AND OTHER ARAB PLANS TO DEVELOP
ITS VAST AGRICULTURAL POTENTIAL.
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